

Outlook Gloomy for Colombia Trade Deal

By Keith Koffler
Roll Call Staff
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The Colombia free-trade agreement, one of President Bush's signature 2008 initiatives, is on track for failure amid a standoff between the White House and Speaker Nancy Pelosi (D-Calif.) that has little chance of ending this year.

Pelosi insists that Bush accept new economy-bolstering measures before she will revive the deal, which she deep-sixed earlier this year after Bush submitted it to Congress over her objections.

Bush is privately passionate about the Colombia FTA, believing it is a national security priority and telling aides he also wants it for Colombian President Álvaro Uribe. Losing the battle for the agreement would be a personal blow and the latest addition to a collection of failed second-term initiatives that includes Social Security and tax reform.

According to senior House Democratic aides, Pelosi has two specific demands: She wants the White House to agree to a new economic stimulus package, priced at about \$50 billion, and she wants an agreement on trade-adjustment assistance for workers harmed by trade.

White House, Congressional and K Street sources say that with only three and a half weeks left of legislating, there is apparently neither the time nor the will to move these items and the Colombia measure. Republicans suspect union officials have ordered the Colombia measure buried for good.

Pelosi and the White House are not negotiating. The last conversation was a chat between her and Treasury Secretary Henry Paulson two weeks ago.

"I don't see how we can do it, quite frankly," said one veteran lobbyist who supports the bill.

"It is theoretically possible," said a GOP lobbyist working the issue. "It's very difficult."

Both sides accuse the other of bad faith. White House officials were furious when Pelosi spiked the bill earlier this year and say she has been moving the goal posts ever since.

"Originally, she asked for food stamps, unemployment insurance, a housing bill and trade-adjustment assistance," a senior White House official said. The first three have been approved, and progress has been made on TAA legislation. "She has refused to be pinned down — we take it as a lack of seriousness," the official said.

Democratic aides counter that Pelosi has been clear that Bush must sufficiently address the sagging economy before Colombia will be freed up. Pelosi has said publicly she is willing to consider moving the deal if her demands are met.

Bush has never ruled out consideration of a new stimulus package, saying only that one passed earlier this year should be given a chance to work. But the senior Bush adviser warned: “There’s not an unlimited reservoir of goodies” for Pelosi.

Top House Democratic aides say the Caucus is united against returning for a lame-duck session, long counted on by Colombia backers as the best possible option for the trade deal. Democrats see no reason to come to Washington in December in order to legislate under Bush.

The only chance for a lame-duck session would likely come from a government-shutdown fight over the continuing resolution in September. But neither side has much appetite for such a fight.

Sources described significant movement toward a TAA compromise during talks in recent weeks between the White House, Senate Finance Chairman Max Baucus (D-Mont.) and ranking member Chuck Grassley (R-Iowa).

The White House official and other Republicans — none of whom are connected to Grassley — say Reid has resisted moving a TAA bill out of fear it could grease the wheels for the Colombia deal.

A Reid aide accused Republicans of blocking committee action on TAA by insisting on tying the measure to Colombia. But the aide also noted that Reid is opposed to trade agreements.

Bush has promised Uribe he would work to pass the measure. He thinks Uribe deserves it for the strides Bush believes he has made on behalf of democracy in Colombia.

Bush has marshaled nearly every argument imaginable on behalf of the FTA, saying it would help the U.S. economy, combat Venezuelan President Hugo Chávez’s efforts to spread his brand of authoritarianism in the region, and even aid in the fight against terrorism.

“The United States is committed to the security of Colombia — we’re committed to defeating the forces of terror,” Bush said at a July 22 White House event honoring Colombia Independence Day. “Our countries can meet this challenge together,” he said.

At the event, Bush sought to parlay the recent rescue of U.S. hostages held by Colombian rebels into yet another argument for the deal.

“The success of this rescue mission underscores the progress the Colombian government has made,” Bush said.

Soon after the rescue, a Pelosi aide said the Speaker views the event and the free-trade deal as separate issues.